

**2003 DRAFTING REQUEST**

**Bill**

Received: **01/21/2003**

Received By: **btradewe**

Wanted: **Soon**

Identical to LRB:

For: **Alvin Ott (608) 266-5831**

By/Representing: **Beatta Kalies**

This file may be shown to any legislator: **NO**

Drafter: **btradewe**

May Contact:

Addl. Drafters:

Subject: **Agriculture - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Ott@legis.state.wi.us**

Carbon copy (CC:) to: **robert.marchant@legis.state.wi.us**

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Create Rural Finance Authority

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	btradewe 03/12/2003	kgilfoy 03/20/2003		_____			
/P1			rschlue 03/21/2003	_____	amentkow 03/21/2003		State Tax
/1	btradewe	kgilfoy	rschlue	_____	amentkow		State

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Page 2

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	07/10/2003	08/01/2003	08/01/2003	_____	08/01/2003		Tax
/2	btradewe 09/22/2003	kgilfoy 09/23/2003	jfrantze 09/23/2003	_____	lnorthro 09/23/2003		State Tax
/3	btradewe 10/28/2003	kgilfoy 10/28/2003	rschluet 10/28/2003	_____	lemery 10/28/2003		State Tax
/4	btradewe 11/04/2003	kgilfoy 11/04/2003	jfrantze 11/06/2003	_____ _____ _____	sbasford 11/06/2003	sbasford 11/06/2003 sbasford 11/06/2003	

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At Intro.

<END>

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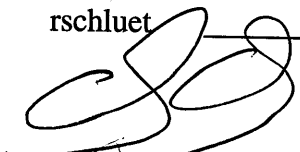
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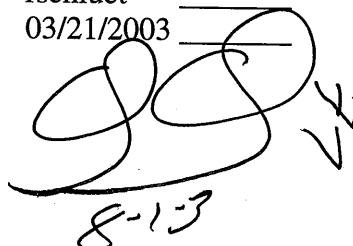
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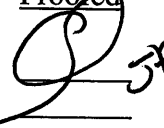
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1?	btradewe	1/11-3/20 KMG		 JF			
			3-21-3				

FE Sent For:

<END>

# Bill Request Form

Legislative Reference Bureau  
100 N. Hamilton Street  
Legal Section 266-3561

You may use this form or talk directly with the LRB attorney who will draft the bill.

Date 1/17/03

Legislator, agency, or other person requesting this draft Rep. Ott

Person submitting request (name and phone number) Berta Kalies 6-5831

Persons to contact for questions about this draft (names and phone numbers) Rep Ott or Berta at 6-5831, Bill Demichen at Fed. of Corps 258-4400.

Describe the problem, including any helpful examples. How do you want to solve the problem?

Redraft LRB 4923/Plan  
PJK + RCT: King: pg from last session

with substantial changes scribbled in.

Please call when receive so I can decipher. Thanks

Please attach a copy of any correspondence or other material that may help us. If you know of any statute sections that might be affected, list them or provide a marked-up copy.

You may attach a marked-up copy of any LRB draft or provide its number (e.g., 2001 LRB-2345/1 or 1999AB-67).

Requests are confidential unless stated otherwise. May we tell others that we are working on this for you? ☒ YES ☐ NO

If yes:

Anyone who asks? ☒ YES ☐ NO  
Any legislator? ☒ YES ☐ NO

Only the following persons

Lat session Budget Bill give directive to create this Authority + this is the language to make it happen.

Do you consider this request urgent? ☒ YES ☐ NO

If yes, please indicate why

Should we give this request priority over any pending request of this legislator, agency, or person?

☒ YES ☐ NO

Thank you.

from office of Rep. Ott

DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-4923/P1dn  
PJK&RCT:kmg:pg

February 18, 2002

Wisconsin Rural Finance Authority Proposal

Set Max Net worth limit on  
Seller Assist @ \$275,000 +  
Livestock Modern. @ \$450,000 to account

for  
inflation  
& higher  
costs in  
Wisconsin  
for land.

1. My understanding is that you want to create four loan participation programs similar to four programs in Minnesota. The program created under s. 234.656 is similar to the Seller Assisted Loan Program in Minnesota; the program created under s. 234.657 is similar to the Agricultural Improvement Loan Program in Minnesota; and the program created under s. 234.658 is similar to the Value-Added Stock Loan Program in Minnesota. The program under s. 234.66 in current law (Beginning Farmer Program) is the same as the Aggie Bond Beginning Farmer Loan Program in Minnesota. (For more details on the Beginning Farmer Program, see WHEDA's website.)

Wants to  
include  
←

2. Do you want to place a separate limit on the bonds and notes that WHEDA may issue for the agricultural loan programs (ss. 234.656, 234.657, and 234.658)? You could have a limit for each program or an overall limit for all three. (See the limits in s. 234.66 (3) (c) for the Beginning Farmer Program.) If you do not want one or more separate limits, I assume that the bonds and notes for the new programs would come under the limit in s. 234.18 (1). This could be provided explicitly. In addition, you could raise the limit in s. 234.18 (1). *If it's under the amount, it would qualify. If it's over the amount, don't need loans.*

Keep 3  
And current  
CROP  
Program 5

Add 6  
LIVESTOCK  
MODERNIZATION  
modern  
after MN  
Livestock  
Expansion

Create  
positions  
for

1 supervisor  
1 prog.  
assist.  
2 loan  
officers

3. No employees are provided to WHEDA in this draft. WHEDA is not a state agency and does not have authorized positions, as do state agencies, that may be increased or decreased. WHEDA has the power to employ any agents, employees, or special advisers that it finds necessary, under s. 234.03 (4).

Do not  
include replacement

cattle. Do not want  
existing herds but want  
to expand production.  
Livestock expansion is  
not about livestock but  
more about  
improvements to  
livestock  
production

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.state.wi.us

1. The Minnesota Seller Assisted Loan Program requires a borrower to agree to participate in a farm business management program approved by the state, if a

program is available within <sup>keep</sup> 45 miles. This draft contains a similar requirement in s. 234.656 (1) (a) 3. Minnesota apparently has a significant number of these approved programs. I am unaware of existing programs in Wisconsin that are similar to the programs in Minnesota. *Have tech colleges, private, public community college that currently offer business management type programs.*  
2. The Minnesota Seller Assisted Loan Program also requires a borrower to consult with a local office of the Board of Water and Soil Resources or with the federal Natural Resources Conservation Service. Wisconsin does not have a Board of Water and Soil Resources. Instead, this draft provides the option of consulting with a county Land Conservation Committee. See s. 234.656 (1) (a) 4.

*Add Require consultation with County Land Cons. Comtee or  
Federal Natural Resources Conservation Service (NRCS)*

Rebecca C. Tradewell

Managing Attorney

Phone: (608) 266-7290

E-mail: becky.tradewell@legis.state.wi.us

*Also, if possible, please allow tax exemption  
for bonding as in statute chapters 231.35.*

*Add provision to allow for inflationary increases  
in the max loan amounts per year.*

*Allow RFA to be able to create more  
programs by rule and terminate  
programs by rule (with legislative oversight)*

*This would address some of the newer technology  
issues.*

*3/11/03 Per Beatha - The overall bonding limit should be \$25,000,000.*





State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-4923/P1  
PJK&RCT:kmg:pg

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

General major change:

RFA needs to be a separate entity - not at Wheda.

Modeled after Minnesota's RFA and Chapter 231 of WI  
Statutes relating to Health + Education Facilities Authority  
rather than WHEDA as modeled for this draft.

Do not eliminate loan guarantees but rather transfer to  
RFA so that that new board may determine what will eventually  
stay + what loans were so.

1 AN ACT to amend 234.03 (2m), 234.265 (2), 234.66 (2), 234.90 (4), 234.907 (3) and  
2 234.91 (5) (a); and to create 234.655, 234.656, 234.657 and 234.658 of the  
3 statutes; relating to: authorizing the Wisconsin Housing Economic  
4 Development Authority to issue bonds and notes for participation in certain  
5 loans made for agricultural purposes and eliminating the authority of the  
6 Wisconsin Housing and Economic Development Authority to guarantee certain  
7 loans made for agricultural purposes.

***Analysis by the Legislative Reference Bureau***

This is a preliminary draft. An analysis will be provided in a later version,  
unless this draft is converted to an amendment.

***The people of the state of Wisconsin, represented in senate and assembly, do  
enact as follows:***

8 SECTION 1. 234.03 (2m) of the statutes is amended to read:

9 234.03 (2m) To issue notes and bonds in accordance with ss. 234.08, 234.40,  
10 234.50, 234.60, 234.61, 234.626, 234.65, 234.655, and 234.66.

1           **SECTION 2.** 234.265 (2) of the statutes is amended to read:

2           234.265 (2) Records or portions of records consisting of personal or financial  
3 information provided by a person seeking a grant or loan under s. 234.08, 234.49,  
4 234.59, 234.61, 234.65, 234.67, 234.83, 234.84, 234.90, 234.905, 234.907, or 234.91,  
5 seeking a loan under ss. 234.621 to 234.626, seeking financial assistance under s.  
6 234.656, 234.657, 234.658, or 234.66, seeking investment of funds under s. 234.03  
7 (18m), or in which the authority has invested funds under s. 234.03 (18m), unless the  
8 person consents to disclosure of the information.

9           **SECTION 3.** 234.655 of the statutes is created to read:

10           **234.655   Agricultural loan programs; general provisions.   (1)**

11           **DEFINITIONS.** In this section and ss. 234.656 to 234.658:

12           (a) "Agricultural commodity" has the meaning given in s. 94.67 (2).

13           (b) "Agricultural improvements" means improvements to a farm that are useful  
14 for and intended to be used for farming purposes, including the purchase and  
15 construction or installation of improvements to land or buildings or other permanent  
16 structures, including equipment incorporated into or permanently affixed to the land  
✓ (17) *Add energy derived from animal waste, manure digesters + other new*  
or buildings or other structures. "Agricultural improvements" includes wind energy *technolo*  
✓ (18) *two*  
conversion facilities that have an output capacity of ~~one~~ *two* megawatt or less each, as  
19 shown by the nameplate capacity. "Agricultural improvements" does not include  
20 equipment that is not affixed to land or improvements, or additions to such  
21 equipment.

22           (c) "Agricultural loan programs" means the programs under ss. 234.656 to  
23 234.658.

24           (d) "Eligible borrower" means a person to which all of the following apply:

1           1. The person is a natural person who resides in this state or a family farm  
2 corporation, as defined in s. 102.07 (5) (c), that operates in this state.

3           2. The person's net worth, including the assets and liabilities of the person's  
4 spouse and dependents if the person is a natural person, does not exceed ~~\$258,000~~,  
5 subject to adjustment under sub. (6) (b). 275,000

6           3. The person demonstrates a need for the loan.

7           4. The person demonstrates an ability to repay the loan.

8           5. The natural person's name does not appear, or no shareholder's name  
9 appears, on the statewide support lien docket under s. 49.854 (2) (b) or, if the name  
10 of the natural person or a shareholder appears on that docket, the natural person or  
11 shareholder provides to the authority a payment agreement that has been approved  
12 by the county child support agency under s. 59.53 (5) and that is consistent with rules  
13 promulgated under s. 49.858 (2) (a).

14          6. The person satisfies any other requirements prescribed by the authority.

15          (e) "Farm credit service" includes a production credit association, federal land  
16 credit association, and agricultural credit association.

17          (f) "Farm purchase assistance loan" means a loan made by a participating  
18 lender to an eligible borrower under s. 234.656.

19          (g) "Nameplate capacity" means the designation by a unit's manufacturer of the  
20 approximate generating capability of the unit.

21          (h) "Participating lender" means a bank, farm credit service, credit union,  
22 savings bank, savings and loan association, or other person, other than a seller under  
23 a land contract, that has been approved by the authority to make loans to eligible  
24 borrowers under one or more agricultural loan programs and that has entered into  
25 a participation agreement with the authority under sub. (2).

## SECTION 3

*Add energy recovery from animal waste digester to new technology*

(i) "Wind energy conversion facility" means any device, such as a windcharger, windmill, or wind turbine, that converts wind energy to a form of usable energy.

(2) PARTICIPATION AGREEMENT WITH LENDER. A lender seeking to make a loan in which the authority may participate under an agricultural loan program shall apply to the authority for approval. If the lender is approved for making loans under one or more of the agricultural loan programs, the lender and the authority shall enter into a participation agreement, which shall provide for the contractual obligations of the lender and the authority with respect to any loan transaction in which the authority participates, the terms and conditions of loans in which the authority participates, and other matters related to the lender's involvement in the agricultural loan programs.

(3) PARTICIPATION IN LOANS. The authority may participate, to the extent provided in ss. 234.656 (2) (a), 234.657 (2), and 234.658 (2) (a), in a loan made by a participating lender under an agricultural loan program. Subject to s. 234.658 (2) (b), the interest rate that the authority charges for its portion of a loan shall be less than the interest rate charged by the participating lender. Subject to any requirements under ss. 234.656 to 234.658, the authority may impose repayment or other terms for its portion of a loan that are different from the participating lender's loan terms. The authority shall ensure that it obtains an interest in the participating lender's security for the loan in the same proportion as its participation in the loan and with the same priority as the participating lender's interest in the security.

(4) BONDS AND NOTES. (a) The authority may issue its bonds and notes to finance the agricultural loan programs, including funding participation in loans.

(b) The limits in ss. 234.40, 234.50, 234.60, 234.61, 234.65, and 234.66 do not apply to bonds or notes issued under this subsection.

1 (c) Section 234.15 does not apply to bonds or notes issued under this subsection.

2 (5) FEES. The authority shall charge a fee for assistance provided under the  
3 agricultural loan programs to cover the costs of administrating the agricultural loan  
4 programs, including legal fees.

5 (6) RULES AND PROCEDURES. The authority shall adopt rules and establish  
6 procedures for administering the agricultural loan programs, including rules or  
7 procedures related to all of the following:

8 (a) Application procedures for both eligible borrowers and lenders seeking to  
9 make loans under the agricultural loan programs.

10 (b) Approval requirements for lenders and additional eligibility requirements  
11 for eligible borrowers, including any adjustments in net worth requirements based  
12 on changes in the consumer price index.

13 (c) The terms of participation agreements under sub. (2).

14 (d) Repayment and security interest requirements.

15 (e) Procedural requirements for the authority's participation in loans.

16 (f) Auditing, inspection, and reporting requirements.

17 (g) Any other relevant matters.

18 SECTION 4. 234.656 of the statutes is created to read:

19 234.656 Farm purchase assistance loans. (1) Subject to sub. (2) (a), the  
20 authority may participate as provided in s. 234.655 (3) in a farm purchase assistance  
21 loan for the purchase of farm property in this state if all of the following apply:

22 (a) The eligible borrower:

23 1. Will be the principal operator of the farm being purchased and certifies that  
24 he or she intends to use the farm only for agricultural purposes and to make farming  
25 his or her principal future occupation.

1           2. Has sufficient education, training, or experience to succeed in the type of  
2 farming that he or she intends to undertake.

3           3. Agrees to enroll and continue, for the first 5 years of the loan, in a farm  
4 business management program that is approved by the authority, if such a program  
5 is available within 45 miles of the eligible borrower's residence.

6           4. Agrees to consult with a land conservation committee under s. 92.06 or a local  
7 office of the federal natural resources conservation service.

8           5. Agrees to obtain credit life insurance in the amount of the total debt incurred  
9 to purchase the property.

10          (b) The seller of the property:

11           1. Is a natural person, a partnership, or a family farm corporation, as defined  
12 in s. 102.07 (5) (c).

13           2. Partially finances the purchase of the property by loaning to the eligible  
14 borrower the amount by which the purchase price exceeds the sum of the principal  
15 of the farm purchase assistance loan and any downpayment made by the eligible  
16 borrower.

17           3. Subordinates his or her security interest in the property to the security  
18 interest of the participating lender and the authority.

19          (2) (a) The authority may not finance more than 45% or \$125,000, whichever  
20 is less, of the principal of a farm purchase assistance loan.

21          (b) A farm purchase assistance loan must be paid in full at the end of 10 years,  
22 but may be amortized over a longer period, as negotiated among the participating  
23 lender, authority, and eligible borrower.

24          (c) The terms of the loan made by the seller to the eligible borrower shall be  
25 negotiated and determined by the seller and eligible borrower.

1           **SECTION 5.** 234.657 of the statutes is created to read:

2           **234.657 Agricultural improvement loans.** (1) Subject to sub. (2), the  
3 authority may participate as provided in s. 234.655 (3) in a loan made by a  
4 participating lender to an eligible borrower for agricultural improvements or to  
5 finance an existing debt to repair or replace farm driveways, drainage ditches or tile  
6 lines, grassed waterways, or agricultural buildings damaged by snow, flooding, or  
7 other weather-related causes, if all of the following apply:

8           (a) The eligible borrower is actively engaged in farming.

9           (b) The collateral for the loan includes a first mortgage on farm real estate.

10          (c) The loan does not exceed 80% of the appraised value of the collateral for the  
11 loan.

12          (d) The term of the loan does not exceed 10 years.

13          **(2)** The authority may not finance more than 45% or \$125,000, whichever is  
14 less, of the principal of a loan under this section.

15           **SECTION 6.** 234.658 of the statutes is created to read:

16           **234.658 Agricultural cooperative stock loans.** (1) Subject to sub. (2) (a),  
17 the authority may participate as provided in s. 234.655 (3) in a loan made by a  
18 participating lender to an eligible borrower for the purchase of capital stock or other  
19 equity interest in a cooperative organized under ch. 185, if all of the following apply: *and 186 New chapter to be added this session*

20          (a) The cooperative owns and operates, or proposes to build or purchase and

21 operate, a facility in this state for processing an agricultural commodity. *Make sure will include ethanol + soybean + other specialty crops*

22          (b) The eligible borrower produces the agricultural commodity that will be this  
23 processed at the facility.

24          (c) The loan finances no more than 95% of the purchase price of the stock or  
25 equity interest to be acquired by the eligible borrower.

1 (2) (a) The authority may not finance more than 45% or \$24,000, whichever is  
2 less, of the principal of a loan under this section.

3 (b) The interest rate charged by the authority on its portion of a loan under this  
4 section may not be more than 50% of the interest rate charged by the participating  
5 lender.

6 (c) A loan under this section must be secured by the stock or equity interest  
7 acquired with the loan, a personal note executed by the eligible borrower, and any  
8 other security required by the authority or participating lender.

9 SECTION 7. 234.66 (2) of the statutes is amended to read:

10 234.66 (2) The authority ~~may establish and~~ shall administer a beginning  
11 farmer program to assist beginning farmers to purchase agricultural land,  
12 agricultural improvements, and depreciable agricultural property, as defined in 26  
13 USC 144 (a) (11) (B).

14 SECTION 8. 234.90 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is  
15 amended to read:

16 234.90 (4) GUARANTEE. The On or before the effective date of this subsection  
17 .... [revisor inserts date], the authority shall guarantee repayment of 90% of the  
18 principal of any agricultural production loan eligible for guarantee under sub. (2)  
19 made to a farmer eligible for a guaranteed loan under sub. (3) or (3g).

20 SECTION 9. 234.907 (3) of the statutes, as affected by 2001 Wisconsin Act 16,  
21 is amended to read:

22 234.907 (3) GUARANTEE OF COLLECTION. The On or before the effective date of  
23 this subsection .... [revisor inserts date], the authority shall guarantee collection of  
24 a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee  
25 under sub. (2). The authority shall establish the percentage of the unpaid principal

Does not  
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program  
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1 of an eligible loan that will be guaranteed, using the procedures described in the  
2 guarantee agreement under s. 234.93 (2) (a). The authority may establish a single  
3 percentage for all guaranteed loans or establish different percentages for eligible  
4 loans on an individual basis.

5 SECTION 10. 234.91 (5) (a) of the statutes, as affected by 2001 Wisconsin Act 16,  
6 is amended to read:

7 234.91 (5) (a) The On or before the effective date of this paragraph .... [revisor  
8 inserts date], the authority shall guarantee collection of a percentage of the principal  
9 of a loan eligible for a guarantee under sub. (2). The principal amount of an eligible  
10 loan that the authority may guarantee may not exceed the borrower's net worth or  
11 25% of the total loan amount, whichever is less, calculated at the time the loan is  
12 made.

13 (END)

Not as complicated as WHEOA - Hospital Authority

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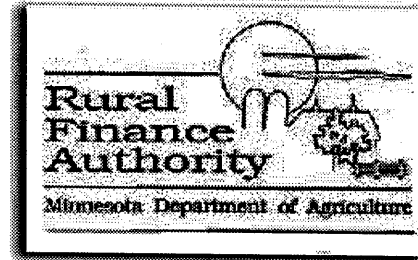
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# Livestock Expansion Loan Program

*Livestock 17A.03, subd 5*

A loan program to assist livestock and dairy producers finance the construction of state-of-the-art facilities is offered through the Rural Finance Authority (RFA) in the Minnesota Department of Agriculture.



- [Rules](#)
- [Loan Submission Checklist \(PDF: 4 KB / 1 page\)](#)
- [Loan Application \(PDF: 126 KB / 8 pages\)](#)
- [Loan Agreement \(PDF: 11 KB / 1 page\)](#)
- [Loan Comparison Chart](#)

Livestock expansion means improvements to a livestock operation, including the purchase and construction or installation of improvements to land, buildings, and other permanent structures, including equipment incorporated in or permanently affixed to the land, buildings or structures, which are useful for and intended to be used for the purpose of raising livestock. The purchase of livestock is NOT an eligible purpose for this program.

The livestock producer will work through their local lender. If the lender agrees to make a mortgage loan to the applicant, the lender and applicant will jointly complete an application for a RFA participation. The RFA must have a completed Master Participation Agreement with the lender on file. The RFA may participate on a loan up to 45% of the loan principal to a maximum of \$250,000. The loan proceeds cannot be used to refinance an existing debt.

The participation term may be up to a maximum of 10 years. The loan may have a balloon. Collateral for the loan must include a first mortgage on farm real estate, but this does not have to include the farmstead.

The incentive to use the RFA program will be an affordable fixed interest rate for a certain period of time. Call the RFA for a quote. There is a \$50 non-refundable application fee on all loans. The lender may collect normal closing costs.

An applicant must meet the following requirements:

1. Be a Minnesota resident, a Minnesota domestic family farm corporation or a family farm partnership.
2. At least one of the applicants must be the principal operator of the farm and be actively engaged in a livestock operation.

3. Have a total net worth not to exceed \$439,000 (indexed for inflation, please call the RFA for current limitation) including the assets and liabilities of their spouse and dependents.

**MDA Contact**

Gary Blahosky, Agricultural Finance Division  
Senior Loan Officer  
[gary.blahosky@state.mn.us](mailto:gary.blahosky@state.mn.us)  
651-296-4985

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Minnesota Department of Agriculture, 90 West Plato Boulevard, Saint Paul, Minnesota 55107 • 651-297-2200  
1-800-967-2474 • TTY: 1-800-627-3529 • [webinfo@mda.state.mn.us](mailto:webinfo@mda.state.mn.us)

Subd. 5. **Livestock.** "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, bison (buffalo), and goats.

# RESEARCH APPENDIX - Draft Transfer/Copy Request Form

- Atty's please complete this form and give to Mike Barman (or Lynn E. in his absence)

(Request Made By: RLT) (Date: 5 / 7 / 2003)



☒ Please transfer the drafting file for

2001 LRB 4923 to the drafting file

for 2003 LRB -1624

☒ The final version of the 2001 draft and the final Request Sheet will be copied on yellow paper, and returned to the original 2001 drafting file. A new cover sheet will be created/included listing the new location of the drafting file's "guts".

☒ For research purposes, because the 2001 draft was incorporated into a 2003 draft, the complete drafting file will be transferred, as a separate appendix, to the new 2003 drafting file. This request form will be inserted into the "guts" of the 2003 draft. If introduced, the appendix will be scanned/added to the electronic drafting file folder.

— OR —

☐ Please copy the drafting file for

2003 LRB \_\_\_\_\_ (include the version) and place it in the

drafting file of 2003 LRB \_\_\_\_\_

☒ For research purposes, because the original 2003 draft was incorporated into another 2003 draft, the original drafting file will be copied on yellow paper (darkened/auto centered/reduced to 90%) and added, as a separate appendix, to the new 2003 drafting file. This request form will be inserted into the "guts" of the new 2003 draft. If introduced the appendix will be scanned/added to the electronic drafting file folder.

☒ The original drafting file will then be returned, intact, to its folder and filed. For future reference, a copy of the transfer/copy request form will also be added to the "guts" of the original draft.

SOON (in 3/12)

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Note

regenerate

1 AN ACT *to amend* 234.03 (2m), 234.265 (2), 234.66 (2), 234.90 (4), 234.907 (3) and  
2 234.91 (5) (a); and *to create* 234.655, 234.656, 234.657 and 234.658 of the  
3 statutes; *relating to:* <sup>creating</sup> ~~authorizing~~ the Wisconsin ~~Housing Economic~~  
4 <sup>Rural Finance</sup> ~~Development Authority to issue bonds and notes for participation in certain~~  
5 ~~loans made for agricultural purposes and eliminating the authority of the~~  
6 ~~Wisconsin Housing and Economic Development Authority to guarantee certain~~  
7 ~~loans made for agricultural purposes.~~

***Analysis by the Legislative Reference Bureau***

\* This is a preliminary draft. An analysis will be provided in a later version, unless this draft is converted to an amendment.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

Insert  
from  
pp. 8 and 9

SECTION 1. 234.03 (2m) of the statutes is amended to read:

234.03 (2m) To issue notes and bonds in accordance with ss. 234.08, 234.40, 234.50, 234.60, 234.61, 234.626, 234.65, 234.655, and 234.66.

SECTION 2. 234.265 (2) of the statutes is amended to read:

234.265 (2) Records or portions of records consisting of personal or financial information provided by a person seeking a grant or loan under s. 234.08, 234.49, 234.59, 234.61, 234.65, 234.67, 234.83, 234.84, 234.90, 234.905, 234.907, or 234.91, seeking a loan under ss. 234.621 to 234.626, seeking financial assistance under s. 234.656, 234.657, 234.658, or 234.66, seeking investment of funds under s. 234.03 (18m), or in which the authority has invested funds under s. 234.03 (18m), unless the person consents to disclosure of the information.

~~SECTION 3. 234.655 of the statutes is created to read:~~

~~238.30~~  
234.655 / **Agricultural loan programs; general provisions.** (1)

238.32 to 238.38  
DEFINITIONS. In this section and ss. ~~234.656 to 234.658~~

(a) "Agricultural commodity" has the meaning given in s. 94.67 (2).

(b) "Agricultural improvements" means improvements to a farm that are useful for and intended to be used for farming purposes, including the purchase and construction or installation of improvements to land or buildings or other permanent structures, including equipment incorporated into or permanently affixed to the land or buildings or other structures. "Agricultural improvements" includes wind energy conversion facilities that have an output capacity of <sup>2</sup>one megawatt<sup>s</sup> or less each, as shown by the nameplate capacity <sup>3 and facilities for deriving energy from animal waste</sup>. "Agricultural improvements" does not include

equipment that is not affixed to land or improvements, or additions to ~~such~~ equipment <sup>that is not affixed to land or improvements</sup>.

<sup>238.32</sup>  
(c) "Agricultural loan programs" means the programs under ss. ~~234.656~~ to <sup>238-38</sup>234.658.

(d) "Eligible borrower" means a person to which all of the following apply:



1           1. The person is a natural person who resides in this state or a family farm  
2 corporation, as defined in s. 102.07 (5) (c), that operates in this state.

3           2. The person's net worth, including the assets and liabilities of the person's  
4 spouse and dependents if the person is a natural person, does not exceed ~~\$250,000~~ <sup>275,000, or</sup>  
5 subject to adjustment under sub. (5) (b). <sup>5450,000 for</sup>

6           3. The person demonstrates a need for the loan.

7           4. The person demonstrates an ability to repay the loan.

8           5. <sup>If the person is a natural person,</sup> The natural person's name does not appear, <sup>and if the person is a corporation,</sup> or no shareholder's name  
9 appears, on the statewide support lien docket under s. 49.854 (2) (b) or, if the name  
10 of the natural person or a shareholder appears on that docket, the natural person or  
11 shareholder provides to the authority a payment agreement that has been approved  
12 by the county child support agency under s. 59.53 (5) and that is consistent with rules  
13 promulgated under s. 49.858 (2) (a).

14           6. The person satisfies any other requirements prescribed by the authority.

15           (e) "Farm credit service" includes a production credit association, federal land  
16 credit association, and agricultural credit association.

17           (f) "Farm purchase assistance loan" means a loan made by a participating  
18 lender to an eligible borrower under s. ~~234.659~~ <sup>238.32</sup> ✓

19           (g) "Nameplate capacity" means the designation by a unit's manufacturer of the  
20 approximate generating capability of the unit.

21           (h) "Participating lender" means a bank, farm credit service, credit union,  
22 savings bank, savings and loan association, or other person, other than a seller under  
23 a land contract, that has been approved by the authority to make loans to eligible  
24 borrowers under one or more agricultural loan programs and that has entered into  
25 a participation agreement with the authority under sub. (2).

1 (i) "Wind energy conversion facility" means any device, such as a windcharger,  
2 windmill, or wind turbine, that converts wind energy to a form of usable energy.

3 (2) PARTICIPATION AGREEMENT WITH LENDER. A lender seeking to make a loan in  
4 which the authority may participate under an agricultural loan program shall apply  
5 to the authority for approval. If the lender is approved for making loans under one  
6 or more of the agricultural loan programs, the lender and the authority shall enter  
7 into a participation agreement, <sup>that</sup> which shall provide for the contractual obligations  
8 of the lender and the authority with respect to any loan transaction in which the  
9 authority participates, the terms and conditions of loans in which the authority  
10 participates, and other matters related to the lender's involvement in the  
11 agricultural loan programs.

12 (3) PARTICIPATION IN LOANS. The authority may participate, to the extent  
13 provided in ss. <sup>238.32</sup> ~~234.656~~(2) (a), <sup>238.34</sup> ~~234.657~~(2), and <sup>238.36</sup> ~~234.658~~(2) (a), <sup>and 238.38(2)</sup> in a loan made by a  
14 participating lender under an agricultural loan program. Subject to s. <sup>238.36</sup> ~~234.658~~(2)  
15 (b), the interest rate that the authority charges for its portion of a loan shall be less  
16 than the interest rate charged by the participating lender. Subject to any  
17 requirements under ss. <sup>238.32</sup> ~~234.656~~ to <sup>238.38</sup> ~~234.658~~, the authority may impose repayment or  
18 other terms for its portion of a loan that are different from the participating lender's  
19 loan terms. The authority shall ensure that it obtains an interest in the participating  
20 lender's security for the loan in the same proportion as its participation in the loan  
21 and with the same priority as the participating lender's interest in the security.

22 (4) BONDS AND NOTES. (a) The authority may issue its bonds and notes to finance  
23 the agricultural loan programs, including funding participation in loans.

24 (b) The limits in ss. 234.40, 234.50, 234.60, 234.61, 234.65, and 234.66 do not  
25 apply to bonds or notes issued under this subsection.

(c) Section 234.15 does not apply to bonds or notes issued under this subsection.

<sup>4</sup>  
(5) FEES. The authority shall charge a fee for assistance provided under the agricultural loan programs to cover the costs of administering the agricultural loan programs, including legal fees.

<sup>5</sup>  
(6) RULES AND PROCEDURES. The authority shall adopt rules and establish procedures for administering the agricultural loan programs, including rules or procedures related to all of the following:

<sup>For</sup>  
(a) Application procedures for ~~both~~ eligible borrowers and lenders seeking to make loans under the agricultural loan programs.

(b) Approval requirements for lenders and additional eligibility requirements for eligible borrowers, including any adjustments in net worth requirements based on changes in the consumer price index.

<sup>c</sup> Adjustments in the maximum amount of an agricultural loan that the authority may finance

(d) The terms of participation agreements under sub. (2).

<sup>e</sup>  
(e) Repayment and security interest requirements.

<sup>f</sup>  
(f) Procedural requirements for the authority's participation in loans.

<sup>g</sup>  
(g) Auditing, inspection, and reporting requirements.

<sup>h</sup>  
(h) Any other relevant matters.

SECTION 4. 234.656 of the statutes is created to read:

<sup>B</sup> 238.32

~~234.656~~ Farm purchase assistance loans. (1) Subject to sub. (2) (a), the authority may participate as provided in s. <sup>238.30</sup> 234.655(3) in a farm purchase assistance loan for the purchase of farm property in this state if all of the following apply:

(a) The eligible borrower:

1. Will be the principal operator of the farm being purchased and certifies that he or she intends to use the farm only for agricultural purposes and to make farming his or her principal future occupation.

1           2. Has sufficient education, training, or experience to succeed in the type of  
2 farming that he or she intends to undertake.

3           3. Agrees to enroll and continue, for the first 5 years of the loan, in a farm  
4 business management program that is approved by the authority, if such a program  
5 is available within 45 miles of the eligible borrower's residence.

6           4. Agrees to consult with a land conservation committee under s. 92.06<sup>✓</sup> or a local  
7 office of the federal natural resources conservation service.

8           5. Agrees to obtain credit life insurance in the amount of the total debt incurred  
9 to purchase the property.

10           (b) The seller of the property:

11           1. Is a natural person, a partnership, or a family farm corporation, as defined  
12 in s. 102.07 (5) (c)<sup>✓</sup>

13           2. Partially finances the purchase of the property by loaning to the eligible  
14 borrower the amount by which the purchase price exceeds the sum of the principal  
15 of the farm purchase assistance loan and any downpayment made by the eligible  
16 borrower.

17           3. Subordinates his or her security interest in the property to the security  
18 interest<sup>s</sup> of the participating lender and the authority.

19           (2) (a) The authority may not finance more than 45% or \$125,000, <sup>subject to adjustment</sup> <sup>under s. 238.30 (5)</sup> <sup>whichever</sup> <sup>(c)</sup>  
20 is less, of the principal of a farm purchase assistance loan.

21           (b) A farm purchase assistance loan must be paid in full at the end of 10 years,  
22 but may be amortized over a longer period, as negotiated among the participating  
23 lender, authority, and eligible borrower.

24           (c) The terms of the loan made by the seller to the eligible borrower shall be  
25 negotiated and determined by the seller and eligible borrower.

~~SECTION 5. 234.657 of the statutes is created to read:~~

<sup>B 238.34</sup>  
~~234.657~~ **Agricultural improvement loans.** (1) Subject to sub. (2), the <sup>238.30</sup>  
authority may participate as provided in s. ~~234.655~~ (3) in a loan made by a  
participating lender to an eligible borrower for agricultural improvements or to  
finance an existing debt to repair or replace farm driveways, drainage ditches or tile  
lines, grassed waterways, or agricultural buildings damaged by snow, flooding, or  
other weather-related causes, if all of the following apply:

- (a) The eligible borrower is actively engaged in farming.
- (b) The collateral for the loan includes a first mortgage on farm real estate.
- (c) The loan does not exceed 80% of the appraised value of the collateral for the loan.

(d) The term of the loan does not exceed 10 years. *subject to adjustment under 5,238.30(5)(c),*

(2) The authority may not finance more than 45% or \$125,000, whichever is less, of the principal of a loan under this section.

~~SECTION 6. 234.658 of the statutes is created to read:~~

<sup>B 238.36</sup>  
~~234.658~~ **Agricultural cooperative stock loans.** (1) Subject to sub. (2) (a), <sup>238.30</sup>  
the authority may participate as provided in s. ~~234.655~~ (3) in a loan made by a  
participating lender to an eligible borrower for the purchase of capital stock or other  
equity interest in a cooperative organized under ch. 185, if all of the following apply:

(a) The cooperative owns and operates, or proposes to build or purchase and operate, a facility in this state for processing an agricultural commodity.

(b) The eligible borrower produces the agricultural commodity that will be processed at the facility.

(c) The loan finances no more than 95% of the purchase price of the stock or equity interest to be acquired by the eligible borrower.

## SECTION 6

subject to adjustment under  
5.238.30  
(5)(c),

(2) (a) The authority may not finance more than 45% or \$24,000, whichever is less, of the principal of a loan under this section.

(b) The interest rate charged by the authority on its portion of a loan under this section may not be more than 50% of the interest rate charged by the participating lender.

(c) A loan under this section must be secured by the stock or equity interest acquired with the loan, a personal note executed by the eligible borrower, and any other security required by the authority or participating lender.

Insert 8-80  
SECTION 7. 234.66 (2) of the statutes is amended to read:  
On or before the effective date of this subsection .... [revisor inserts date], the  
234.66 (2) ~~The~~ authority ~~may establish and shall~~ <sup>shall</sup> administer a beginning farmer program to assist beginning farmers to purchase agricultural land, agricultural improvements, and depreciable agricultural property, as defined in 26 USC 144 (a) (11) (B).

SECTION 8. 234.90 (4) of the statutes ~~as affected by 2001 Wisconsin Act 16~~ is amended to read:

234.90 (4) GUARANTEE. The On or before the effective date of this subsection .... [revisor inserts date], the authority ~~shall~~ <sup>may</sup> guarantee repayment of 90% of the principal of any agricultural production loan eligible for guarantee under sub. (2) made to a farmer eligible for a guaranteed loan under sub. (3) or (3g).

SECTION 9. 234.907 (3) of the statutes ~~as affected by 2001 Wisconsin Act 16~~ is amended to read:

234.907 (3) GUARANTEE OF COLLECTION. The On or before the effective date of this subsection .... [revisor inserts date], the authority ~~shall~~ <sup>may</sup> guarantee collection of a percentage, not exceeding 90%, of the principal of any loan eligible for a guarantee under sub. (2). The authority shall establish the percentage of the unpaid principal

1 of an eligible loan that will be guaranteed, using the procedures described in the  
2 guarantee agreement under s. 234.93 (2) (a). The authority may establish a single  
3 percentage for all guaranteed loans or establish different percentages for eligible  
4 loans on an individual basis.

5 **SECTION 10.** 234.91 (5) (a) of the statutes, ~~as affected by 2001 Wisconsin Act 16~~  
6 is amended to read:

7 234.91 (5) (a) ~~The~~ On or before the effective date of this paragraph .... [revisor  
8 inserts date], the authority ~~shall~~ <sup>may</sup> guarantee collection of a percentage of the principal  
9 of a loan eligible for a guarantee under sub. (2). The principal amount of an eligible  
10 loan that the authority may guarantee may not exceed the borrower's net worth or  
11 25% of the total loan amount, whichever is less, calculated at the time the loan is  
12 made.

13

(END)

Insert 9-12 ✓

DNote ✓

✓  
Insert 2-8, p. 1

Section #. CR; chap<sup>ter</sup> 238

CHAPTER 238

RURAL FINANCE AUTHORITY

✓



(238.01 Definitions. In this chapter:

(1) "Authority" means the Wisconsin Rural Finance Authority.

(2) "Board" means the board of directors of the authority.

(3) "Bond" means a bond, note, or other obligation of the authority issued under this chapter, including a refunding bond.

(4) "Bond resolution" means a resolution of the board authorizing the issuance of, or providing terms and conditions related to, bonds and includes, <sup>when</sup> appropriate, any trust agreement, trust indenture, indenture of mortgage, or deed of trust providing terms and conditions for the bonds.

From  
Section # 231.02 of the statutes

238

**231.02 Creation and organization.** (1) There is created a public body politic and corporate to

be known as the "Wisconsin <sup>Rural Finance</sup> Health and Educational Facilities <sup>board of the</sup> Authority". The authority shall consist

of 7 members nominated by the governor, and with the advice and consent of the senate

appointed for ~~staggered~~ 7-year terms. Members shall be residents of the state, and not more than

4 may be members of the same political party. The terms of the members of the authority expire

on <sup>July 1</sup> ~~June 30~~ one in each succeeding year. Each member's appointment remains in effect until a suc-

cessor is appointed. Annually, the governor shall appoint one member as chairperson and the <sup>board</sup> ~~author-~~

ity shall elect one member as vice chairperson.

(2) The <sup>board</sup> ~~authority~~ shall appoint an executive director and associate executive director who <sup>may</sup> ~~shall~~

not be members of the <sup>board</sup> ~~authority~~ and who shall serve at the pleasure of the <sup>board</sup> ~~authority~~. They shall

receive such <sup>determine the</sup> ~~compensation as the authority fixes~~ compensation of the executive

director <sup>may</sup> ~~shall~~ not exceed the maximum of the salary range established under s. 20.923 (1) for posi-

tions assigned to executive salary group 4 and the compensation of each other employee of the

authority <sup>may</sup> ~~shall~~ not exceed the maximum of the salary range established under s. 20.923 (1) for posi-

tions assigned to executive salary group 3. The executive director ~~or~~ <sup>board</sup> ~~associate executive director,~~

or other person designated by resolution of the <sup>board</sup> ~~authority~~ shall keep a record of the proceedings of

the ~~authority~~ and shall be custodian of all books, documents, and papers filed with the authority, the

minute book or journal of the authority, <sup>→ SET</sup> and its official seal. The executive director ~~or~~ <sup>board</sup> ~~associate~~

executive director, or other person may cause copies to be made of all minutes and other records and

documents of the authority and may give certificates under the official seal of the authority to the

effect that <sup>the</sup> ~~such~~ copies are true copies, and all persons dealing with the authority may rely upon <sup>the</sup> ~~such~~

certificates.

(3) Four members of the <sup>board</sup> ~~authority~~ shall constitute a quorum. The affirmative vote of a majority

of <sup>of</sup> ~~all~~ the members of the <sup>board's</sup> ~~authority~~ shall be necessary for any action taken by the authority. A

vacancy in the membership of the <sup>board does</sup> ~~authority~~ shall not impair the right of a quorum to exercise all <sup>of</sup> ~~the~~

\* rights and perform all <sup>of</sup> the duties of the authority. Each meeting of the <sup>board</sup> authority shall be open to the public. Notice of meetings, or waivers thereof, shall be as provided in the bylaws of the authority.

Resolutions of the authority need not be published or posted. The <sup>board</sup> authority may delegate by resolution to one or more of its members or <sup>the</sup> executive director <sup>the</sup> such powers and duties <sup>that</sup> as it <sup>considers</sup> deems proper.

\* (5) The members of the <sup>board</sup> authority shall receive no compensation for the performance of their duties as members, but each ~~who~~ member shall be reimbursed for the member's actual and necessary expenses while engaged in the performance of the member's duties.

(6) (a) Any member, officer, agent, or employee of the authority who, directly or indirectly, has any financial interest in any bond issue or in any loan or any property to be included in, or any contract for property or materials to be furnished or used in connection with, any project of the authority, may be fined not less than \$50 nor more than \$1,000, or imprisoned not more than 30 days or both.

(b) Notwithstanding any other provision of law, it is not a conflict of interest or violation of this section or of any other law for a trustee, director, officer, or employee of [a participating health institution, participating educational institution or participating child care provider or for a person having the required favorable reputation for skill, knowledge and experience in state and municipal finance or for a person having the required favorable reputation for skill, knowledge and experience in the field of health facility, educational facility or child care center architecture] to serve as a member of the authority; if in each case to which par. (a) is applicable, the trustee, director, officer or employee [of the participating health institution, participating educational institution or participating child care provider] abstains from discussion, deliberation, action and vote by the authority in specific respect to any undertaking pursuant to this chapter in which his or her [participating health institution, participating educational institution or participating child care provider] has an interest, or the person having the required favorable reputation for skill, knowledge and experience in state and municipal finance abstains from discussion, deliberation, action and vote by the authority in specific respect to any sale, purchase, or ownership of bonds of the authority in which any business of which such person is a participant, owner, officer, or employee has a past, current or future interest, or such person having the required favorable reputation for skill, knowledge and experience in the field of

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health facility, educational facility or child care center architecture abstains from discussion, deliberation, action and vote by the authority in specific respect to construction or acquisition of any project of the authority in which any business of which such person is a participant, owner, officer, or employee has a past, current or future interest.

History: 1973 c. 304; 1975 c. 224; 1977 c. 29; 1979 c. 221; 1983 a. 192; 1987 a. 27, 403; 1991 a. 39, 316; 1993 a. 124.

